
Medicare

Carriers Manual

Part 3 - Claims Process

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<u>HEADER SECTION NUMBERS</u>	<u>PAGES TO INSERT</u>	<u>PAGES TO DELETE</u>
Table of Contents, Chapter IV 4123 - 4130	4-1 – 4-2 (2 pp.) 4-38.3 – 4-38.5 (3 pp.)	4-1 – 4-2 (2 pp.) 4-38.3 (1 pp.)

CLARIFICATION/MANUALIZATION--*EFFECTIVE DATE: N/A*
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Section 4123, Durable Medical Equipment Regional Carriers (DMERCS)--DMERCs, Mandatory Assignment for Drug Claims is being added to manualize Transmittals B-01-15, B-01-21, and B-01-41, which address §114 of BIPA, requiring mandatory assignment on drugs paid by Medicare.

DISCLAIMER: The revision date and transmittal number only apply to the redlined material. All other material was previously published in the manual and is only being reprinted.

These instructions should be implemented within your current operating budget.

CHAPTER IV
CLAIMS REVIEW AND ADJUDICATION PROCEDURES

<u>Line Review - HCFA-1490S</u>	<u>Section</u>
Review of Form HCFA-1490S	4010
Items 1-3 - Patient Identification	4010.1
Item 4 - Nature of Illness or Injury and Employment Relationship	4010.2
Item 5 - Information for Complementary Insurer	4010.3
Item 6 - Signature of Patient	4010.4
Review of Physician's or Supplier's Statement	4011
 Line Review - Health Insurance Claim Form	
Review of the Health Insurance Claim Form - HCFA-1500	4020
Items 1-13 - Patient Identification Information	4020.1
Items 14-22 - Physician or Supplier Information	4020.2
Item 23A - Diagnosis or Nature of Illness or Injury	4020.3
Item 23B	4020.4
Simplified Billing Requirements for Independent Laboratory Claims	4021
Review of Relevant Information	4022
Time Limit for Filing Claims	4025
 Items and Services Having Special Review Considerations	
Durable Medical Equipment, Prosthetic, and Orthotic Supplies	4105
Home Use of DME	4105.1
Evidence of Medical Necessity	4105.2
Incurred Expenses for DME, and Orthotic and Prosthetic Devices	4105.3
Patient Equipment Payments Exceed Deductible and Coinsurance on Assigned Claims	4105.4
Evidence of Medical Necessity - Oxygen Claims	4105.5
Durable Medical Equipment	4106
Making the Rental/Purchase Decision Actions to be Completed Before Implementing Procedures to Make Reimbursement Based on Carrier Rental/Purchase Decision	4106.1
Rental Equipment Being Paid When Carrier Rental/Purchase Decisions Go Into Effect	4106.2
Processing DME Claims Involving Carrier Rental/Purchase Decision	4106.3
Systems and Pricing Consultation in Making Rental/Purchase Decision	4106.4
Beneficiary Alleges Hardship	4106.5
Durable Medical Equipment - Billing and Payment Considerations Under the Fee Schedule	4107
General Billing and Claims Processing Requirements	4107.1
Rent/Purchase Decision	4107.2
Comparability and Inherent Reasonableness Limitations	4107.3
15 Month Ceiling on Capped Rental Items	4107.4
Transcutaneous Electrical Nerve Stimulator (TENS)	4107.5
Written Order Prior to Delivery	4107.6
Special Requirements for Oxygen Claims	4107.7

CHAPTER IV
CLAIMS REVIEW AND ADJUDICATION PROCEDURES

	<u>Section</u>
EOMB Messages	4107.8
Oxygen HCPCS Codes Effective 1/1/89	4107.9
Oxygen Equipment and Contents Billing Chart	4107.10
Laboratory Services - (Item 7C)	4110
Services by Participating Hospital-Leased	
Laboratories	4110.1
Laboratory Services by Physicians	4110.2
Independent Laboratory Services	4110.3
Laboratory Services to a Patient at Home or in	
Institution	4110.4
Hospital Laboratory Services Furnished to	
Non-Hospital Patients	4110.5
Billing for Physician Assistant (PA) Nurse Practitioner (NP) or Clinical	
Nurse Specialist (CNS) Services	4112
Billing Requirements for PA Services	4112.1
Billing Requirements for NP or CNS Services	4112.2
Billing for Teaching Physician Services	4113
Billing Procedures for Maxillofacial Services	4114
Ambulance Services	4115
Chiropractic Services	4118
DMERC Instructions For Denying Claims For Drugs Billed and/or Paid to	
Suppliers Not Licensed to Dispense Drugs	4119
Foot Care	4120
Application of Foot Care Exclusions to Physicians Services	4120.1
Application of "Reasonable and Necessary"	
Limitations to Foot Care Services	4120.2
Denial Messages	4121.3
Certain Devices with a Food and Drug Administration (FDA)	
Investigational Device Exemption (IDE)	4122
Payment for Certain Investigational Devices	4122.1
Billing Requirements for FDA-Approved Investigational Devices	4122.2
HCFA's Master File of Investigational Devices	4122.3
Adjudicating the Claim	4122.4
MSN/EOMB Messages	4122.5
Durable Medical Equipment Regional Carriers (DMERCS)--	
 Mandatory Assignment for Drug Claims	4123
Eye Refractions (Item 7C)	4125
Portable X-Ray Services (Item 7C)	4130
Claims for Transportation in Connection With Furnishing Diagnostic Tests	4131
Radiology and Pathology Services to Hospital Inpatients (Item 7C)	4135
Anesthesiology Services (Item 7C)	4137
Blood or Packed Cells (Items 7C and 7E)	4140
Patient-Initiated Second Opinions	4141
Consultations	4142
Preadmission Diagnostic Testing	4143
Flat Fee or Package Charges	4145
Alzheimer's Disease or a Related Disorder and the Non-	
Inpatient Psychiatric Services Limitation	4146
Services to Homebound Patients	4147
Processing and Review of Claims - Homebound Patients	4147.1
Surgery - Multiple Procedures Performed During the Same Operations	4149
Services Performed by More than One Physician for the Same Surgery	4151

If the claim for an IDE is denied because the approval period has not begun or has expired, use the appropriate message:

"Medicare cannot pay for this investigational device because the approval period for the investigation device in the FDA clinical trial has not begun."

"Medicare cannot pay for this investigational device because the approval period for the investigational device in the FDA clinical trial has expired."

If an FDA-approved investigational device or service incident to such a device is denied because the implantation, removal or replacement is determined to be not medically necessary or reasonable, use the **appropriate message**:

Message 15.35, 15.28, 15.29 or 15.30.

Assigned or unassigned claims received containing the HCPCS code and the "QA" modifier but lacking the investigation device exemption number should be developed.

4123. DURABLE MEDICAL EQUIPMENT REGIONAL CARRIERS (DMERCS)— MANDATORY ASSIGNMENT FOR DRUG CLAIMS

Mandatory Assignment

Under §114 of the Benefits Improvement and Protection Act of 2000 (BIPA), suppliers including but not limited to pharmacies, must accept assignment on all claims for drugs and biologicals that they bill to the DMERCS. A supplier may not render a charge or bill to anyone for these drugs and biologicals for any amount other than the Medicare Part B deductible and coinsurance amounts.

Suppliers must accept assignment on claims for drugs and biologicals furnished on or after February 1, 2001. This requirement applies to all claims for drugs and biologicals a supplier submits to a DMERC, regardless of whether or not the supplier has a valid National Supplier Clearinghouse (NSC) number.

Exception:

Mandatory assignment does not apply to Healthcare Common Procedure Coding System (HCPCS) code E0590, which represents the dispensing fee for nebulizer drugs.

Beneficiary-Submitted Claims

DMERCS must deny any claims a beneficiary submits for drugs and biologicals with dates of service on or after February 1, 2001. The DMERCS must notify beneficiaries that suppliers are now required to accept assignment on such claims and, therefore, beneficiaries may not submit claims for drugs and biologicals themselves. When denying beneficiary-submitted claims, use the following Medicare Summary Notice (MSN) messages:

MSN 16.6 (English): "This item or service cannot be paid unless the provider accepts assignment."

MSN 16.6 (Spanish): "Este artículo o servicio no se pagará a menos de que el proveedor acepte asignación."

MSN 16.7 (English): "Your provider must complete and submit your claim."

MSN 16.7 (Spanish): "Su proveedor debe completar y someter su reclamación."

MSN 34.9 (English): “If you already paid the supplier/provider, the supplier/provider must refund any amount that exceeds the Medicare payment amount.”

MSN 34.9 (Spanish): “Si usted ya pagó el suplidor/proveedor, el suplidor/proveedor debe devolver cualquier cantidad que exceda la cantidad del pago de Medicare.”

If a beneficiary-submitted claim contains other items in addition to drugs or biologicals, the claims processing system must replicate the claim and process the non-drug or non-biological items.

If the DMERC has sufficient evidence to show that the beneficiary already paid the supplier on an unassigned claim, the DMERC may make payment directly to the beneficiary.

Supplier-Submitted Unassigned Claims

- A. If a supplier submits an unassigned claim with a date of service on or after February 1, 2001, for a drug or biological, the DMERC must process the claim as though the supplier accepted assignment.
- B. If a supplier submits an unassigned claim with a date of service on or after February 1, 2001, for a drug or biological, but that claim also contains codes for items that are not drugs or biologicals, the DMERC must split the claim. This will result in two claims in the claims processing system: an unassigned claim for items other than drugs and biologicals, and an assigned claim for drugs and biologicals furnished on or after February 1, 2001.

In both scenarios above, use the following remittance message:

Remark code N71: “Your unassigned claim for a drug or biological was processed as an assigned claim. The law requires that you must take assignment on all claims for drugs and biologicals.”

In addition, if the DMERC has sufficient evidence to show that the beneficiary already paid for the drug or biological, the following remittance advice must also be used:

Remark code MA72: “The beneficiary overpaid you for these assigned services. You must issue the beneficiary a refund within 30 days for the difference between his/her payment to you and the total of the amount shown as patient responsibility and as paid to the beneficiary on this notice.” (Use this remark code on the claim level when the incoming claim indicated that the patient had already paid for the billed services.)

Use the following MSN messages on all supplier submitted unassigned claims for drugs or biologicals:

MSN 16.6 (English): “This item or service cannot be paid unless the provider accepts assignment.”

MSN 16.6 (Spanish): “Este artículo o servicio no se pagará a menos de que el proveedor acepte asignación.”

The Non-Licensed Pharmacy Initiative

Section 4119 requires that all suppliers who bill the DMERCs for drugs for use with DMEPOS must have a pharmacy license to dispense drugs. In situations when a supplier bills unassigned drugs and equipment, accessories, or supplies on the same claim, the DMERC local and standard systems must ensure that they apply non-licensed pharmacy equipment, accessory, and supply edits and denials before they split the claim.

List of Affected HCPCS Codes

The DMERCs must work together to create a list of HCPCS drug and biological codes which suppliers must bill on an assigned basis. This will enable the claims processing system to implement all necessary edits. Finally, the DMERCs must work together to create a list of drug and related equipment codes to which the non-licensed pharmacy edit would apply in this situation. For this second list, the DMERCs need only add drugs that are used with equipment, and the equipment and related supplies and accessories that are used with those drugs, as opposed to all drugs that are subjected to the licensure edit. The DMERCs must share both lists with the standard systems maintainer in order to ensure that claims are edited properly.

Mandatory assignment applies only to those drugs and biologicals “for which payment may be made,” i.e., Medicare-covered drugs. Thus, DMERCs must not include on this list or to mandatory assignment edits any drugs for which a DMERC would never pay (e.g., no benefit category or not under DMERC jurisdiction), and, thus, are not subject to mandatory assignment by the DMERCs.

4125. EYE REFRACTIONS (ITEM 7C)

The carrier must exclude that part of the total charge made by the physician for services involving eye care that relate to the procedures performed to determine the refractive state of the eyes. It will be necessary for the carrier to undertake appropriate development, wherever necessary, to ascertain whether refractive procedures were performed and to establish the reasonable charge for these procedures.

EXAMPLE: A beneficiary complaining of failing vision and watering of the eyes was examined by an ophthalmologist. In the course of the diagnostic ophthalmological eye examination the physician performed procedures to determine the refractive state of the eyes. The physician's bill showed a single inclusive charge for the entire diagnostic examination. Apart from the refractive procedures, all of the other services furnished by the ophthalmologist to the beneficiary are covered. Since the physician did not show separate charge for the refractive procedures, the carrier must determine what portion of the physician's total charge represents the charge for the procedure performed to determine the refractive state of the eyes.

In other situations, the physician may indicate the charge for procedures to determine the refractive state of the eye by an itemization of the specific charge, or by a statement of a percentage or proportion of the total charge. These values, if stated, should be evaluated by the carrier under the guidelines stated in §5217.

4130. PORTABLE X-RAY SERVICES (ITEM 7C)

A. Supplier Bills. --Whether a supplier of portable x-ray services completes an SSA-1490 or furnishes an itemized bill, both the supplier and the physician who ordered the services must be shown. In addition, all bills for portable x-ray services involving the sheet must show the reason an x-ray was required. If any of the information is not submitted with the claim, the carrier should obtain it before making payment. Where it is found that the service is not within the scope of the portable x-ray benefit (see §2070.4) or was not ordered by a physician, no payment may be made.

Carriers should assure, before making payment, that services are not routine screening procedures or tests in connection with routine physical examinations.

NEXT PAGE IS 4-39